



Information Partners Can Use on:

# DEPARTMENT OF VETERANS AFFAIRS VETERANS' HEALTHCARE BENEFITS

## New Medicare Prescription Drug Coverage

As of January 24, 2006

**If you have Medicare and receive Department of Veterans Affairs (VA) healthcare benefits, you need to know**

1. The new Medicare drug coverage does not change or affect your VA healthcare benefits.
2. Starting January 1, 2006, Medicare prescription drug coverage became available to everyone with Medicare.
3. You may qualify for extra help paying for your Medicare prescription drug costs.
4. You have several factors to consider when deciding whether to join a Medicare drug plan.

### 1. What is a Medicare drug plan?

Medicare drug plans provide insurance coverage for prescription drugs. These plans are offered by insurance companies and other private companies. Plans cover both generic and brand-name prescription drugs. You can choose a plan that meets your needs.

There are two types of Medicare drug plans:

- There are prescription drug plans that add coverage to the Original Medicare Plan (fee-for-service), Medicare Private Fee-for-Service Plans that don't offer prescription drug coverage, and Medicare Cost Plans.
- There are also prescription drug coverage that is part of Medicare Health Plans (Medicare Advantage and other Medicare Health plans). You would get all of your Medicare healthcare and prescription coverage through these plans.

For most people, joining before May 15, 2006 means you will not pay a penalty if you join after May 15, 2006. **It is important to note that as VHA**

enrollees, you are not subject to the penalty if you decide to join a Medicare drug plan at a later date. You can enroll in a Medicare drug plan from November 15–December 31 of each year.

### 2. Do you qualify for extra help paying prescription drug costs?

You may qualify if you have limited income and resources. If you have Medicaid, a Medicare Savings Program, or SSI, you will automatically receive extra help and do NOT need to apply for it. Others will need to apply for it.

- If your annual household income is below \$14,700 (or \$19,800 if you are married and living with your spouse), you may qualify. These amounts may be higher if
  - you provide at least half of the support of other relatives living in your household or
  - you reside in Alaska or Hawaii, or
  - you are working

There are also income exclusions for the working blind and disabled.

- To get the extra help with Medicare drug plan costs your countable resources generally must be valued below \$11,500 (or \$23,000 if you are married and living with your spouse). The resource limits include \$1,500 per person for burial expenses. Resources include the value of things you own. Some examples of countable resources are
  - real estate (other than your primary residence)
  - bank accounts, including checking, savings and certificates of deposit
  - stocks
  - bonds, including U.S. Savings Bonds
  - IRAs

- mutual funds
- cash at home, or anywhere else
- Some things are not counted as resources, such as
  - your primary residence
  - your vehicle(s)
  - your household goods and personal possessions
  - resources you could not easily convert to cash, such as farm machinery and livestock, jewelry and home furnishings
  - money conserved for medical and social services
  - federal income tax refunds
  - property you need for self-support such as rental property, or land you use to grow produce for home consumption
  - life insurance policies owned by an individual with a combined face value of \$1,500 or less. An individual and spouse could have a total of \$3,000.

If you believe you may qualify for Medicare's extra help, you can request an application from the Social Security Administration (SSA) by calling SSA at 1-800-772-1213 or you can go to [www.socialsecurity.gov](http://www.socialsecurity.gov) on the web to apply online. After you apply, you will get a notice in the mail that tells you if you qualify. SSA's application process provides you with the quickest aid decision. You can also apply at your local Medicaid office. Your state determines if you qualify for the extra help or other assistance your state provides.

### 3. What if I currently get my medications from the Veterans Health Administration?

Your healthcare benefits from VA will not change because of your decision to join or not join a Medicare drug plan. In deciding whether or not to join a Medicare drug plan, you may wish to consider a number of factors such as:

- if you live in a nursing home,
- if your VA facility is nearby,
- where you want to get your medical care, and
- where you want to fill your prescriptions.

#### Nursing home resident

- You may benefit from Medicare prescription drug coverage if you live in or move into a nursing home that doesn't let you use or access your current VA drug benefits, and you expect to be there for some time. Then you may want to apply for extra help and enroll in a Medicare drug plan.

**Example:** Sam lives in a nursing home that doesn't let him use his VA benefits. He decides to apply for Medicare's extra help and join a Medicare drug plan so his prescription drugs will be covered by Medicare.

#### VA facility is far away

- You may benefit from Medicare prescription drug coverage if you live a long way from the nearest VA medical facility, and you would prefer to receive your medical care from local providers and your prescription drugs from local pharmacies. Then you may want to apply for extra help, if you think you may be eligible, and join a Medicare drug plan.
- With VA drug coverage, in most cases you must fill your prescriptions through a VA pharmacy, either in person or by mail through VA's Consolidated Mail Outpatient Pharmacy Program (CMOP). If you want the flexibility to get your prescriptions filled from other pharmacies, you may want to join a Medicare drug plan.

**Example:** Joe lives 100 miles from the nearest VA facility, and he finds the drive to be too much for him to seek routine medical care. He decides to apply for Medicare's extra help and join a Medicare drug plan so he can receive medical care from a local physician and his prescription drugs from a local pharmacy.

#### VA works for you

- If you decide that VA meets your needs and you decide not to join a Medicare drug plan before May 15, 2006, you won't have to pay a penalty for your Medicare drug plan if you change your mind and decide to join a Medicare drug plan later.

**Example:** Maxine uses her local VA facility for her medical care and receives her drugs from VA's Consolidated Mail Outpatient Pharmacy Program (CMOP). She decides to stay with VA and not join a Medicare drug plan at this time. If Maxine changes her mind, she can enroll in a Medicare drug plan from November 15–December 31 of each year.

### 4. Can I use both VA and Medicare to cover my prescription drugs?

**Answer:** Yes, you may have both, but you won't be able to have a single prescription covered by both programs. If you want to have both VA and Medicare, you can choose on a prescription-by-prescription basis whether to get it written and filled under the VA or Medicare coverage, but the prescription cannot be

covered by both plans at once. If a prescription is filled by a Medicare drug plan, it will not go to VA for any additional payment.

VA practitioners write and VA fills their prescriptions—it is a self-contained system. VA will not bill Medicare for prescriptions written by their practitioners. Except under very limited circumstances, VA does not fill prescriptions written by non-VA practitioners.

5. If a veteran joins a Medicare drug plan, will the Medicare plan premium and cost-sharing be a deductible medical expense for VA’s healthcare means test purposes?

**Answer:** Yes, all annual medical out-of-pocket expenses are deductible for purposes of VA means test (subject to those aggregate expenses that exceed 5% of VA’s applicable maximum pension rate).

6. Does a veteran’s VA co-pay count toward the Medicare \$3,600 annual out-of-pocket threshold?

**Answer:** No. Any co-pays that VA may require do not count toward Medicare's annual \$3,600 out-of-pocket threshold.

As a reminder, once a person with Medicare has spent \$3,600 out-of-pocket in a year (not including out-of-pocket costs paid under their VA program), Medicare covers approximately 95% of their drug costs for the remainder of that year (costs are even lower for those who qualify for extra help).

Quick Comparison of VA and Medicare drug coverage:	
VA Co-payments	Medicare Co-payments
<p>For certain high-priority veterans, including those with low incomes (below VA pension thresholds), the VA waives medication co-payments. In 2006, there is a \$8 co-pay for each 30-day or less supply of medication; it does not vary by drug. VA caps patient medication co-payments at \$960 annually for some veterans.</p> <p>VA has no deductible.</p>	<p>If you have a limited income and receive the full Medicare extra help, your Medicare co-payment will be \$2 or \$5 (generally \$2 for generics and \$5 for brand name drugs). The Medicare co-payment will be for each prescription, whether it is for a 30, 60, or 90-day supply of medication.</p> <p>If you do not have a limited income, your cost-sharing for a prescription will vary according to your drug plan. In some plans, after you meet the \$250 annual deductible, your cost-sharing will be 25% of the drug’s price until you reach the initial coverage limit of \$2,250. Your cost-sharing above the initial coverage limit is 100% until you spend \$3,600 out of pocket after which your cost-sharing is 5%.</p>
VA Premiums	Medicare Premiums
<p>There is no premium for VA drug benefits</p>	<p>People with limited incomes and resources will have all or a portion of their monthly Medicare drug plan premium paid for them. For those who do not receive extra help from Medicare, the monthly Medicare premium for a drug plan varies by plan, but is about \$32.20 in 2006</p>

## For more information about Medicare prescription drug coverage...

- Visit [www.medicare.gov](http://www.medicare.gov) on the web and select “Medicare Prescription Drug Plan Finder” to get personalized information about Medicare drug plans.
- Call your State Health Insurance Assistance Program (SHIP). (See your copy of the “Medicare & You 2006” handbook for their telephone number) You can also call 1-800-MEDICARE (1-800-633-4227), or look at [www.medicare.gov](http://www.medicare.gov) on the web to get their telephone number. TTY users should call 1-877-486-2048.
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## For more information about VA Healthcare Benefits...

- Visit [www.va.gov/healtheligibility](http://www.va.gov/healtheligibility) on the web
- Call the VA Health Benefits Service Center at 1 877-222-VETS (8387) or visit your local VA medical facility

There are programs for people with limited income and resources who live in Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa. Programs vary in these areas. To find out more about their rules, call your State Medical Assistance Office, visit [www.medicare.gov](http://www.medicare.gov) on the web or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.